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22 October 1954

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OFFICE OF CURRENT INTELLIGENCE

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NATO'S 1954 MILITARY PROGRAM STAGNATING Page 11

Members of the North Atlantic alliance have made little progress during 1954 toward carrying out the military recommendations of the 1953 annual review, even though these called for few increases in the size of forces. Moreover, so long as an atmosphere of "relaxed" East-West tensions prevails, political pressures for relief from the present defense burdens are likely to increase.

POLITICAL SITUATION IN GREECE UNSTABLE Page 13

The Greek municipal elections scheduled for 21 November are expected to demonstrate that Prime Minister Papagos' Greek Rally has lost public confidence and they may portend the end of its dominance in Greek politics. The prospect is for an early return to shaky coalition government by mutually incompatible fractionalized parties.

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THE SOVIET WORLD

Soviet tactics last week were apparently aimed at dragging out the disarmament talks in the UN and generally carrying on an intensive disruptive campaign to block French ratification of the London agreements. Soviet propaganda insisted that the French assembly's 12 October vote of confidence was based on an unstable alignment motivated by fear of provoking a government crisis rather than by genuine sentiment in favor of the London agreements. Citing the example of EDC, the Soviet press played on the distinction between approval in principle and final ratification, stressed the widespread desire in France for negotiations with the USSR, and ridiculed the idea that this would still be possible if the London agreements were ratified.

In France, the central committee of the Communist Party, meeting on 15 October, received a report from politburo member Laurent Casanova which was subsequently published in L'Humanité. Casanova had no hope that the government's position at the London conference would be reversed, and furthermore seemed to accept as a firm fact the speculation that Mendes-France was not inclined to hold East-West talks. While Casanova called for working-class unity against German rearmament, he noted with displeasure the progovernment orientation of Socialist leaders, and also showed less optimism about gaining support of Socialist rank and file than past Communist statements have indicated.

In the Balkans, Moscow seems to be making a special effort to improve relations with Greece. Current Orbit-Greek economic relations appear to be proceeding more smoothly, after unusually sharp Greek press and radio criticism several months ago of a laxity in Orbit deliveries. The USSR and Satellite countries apparently are making greater efforts to meet their commitments on time. The Soviet Union and Greece reportedly renewed on 3 September their barter agreement providing for an exchange of \$5,000,000 each way during the year beginning on 28 July.

Czechoslovakia, Hungary and Bulgaria have already returned over 2,500 of the some 25,000 Greek hostages and prisoners of war held in the Orbit since the end of the Greek civil war. Poland is expected to follow suit soon. Moscow has not yet made a move in this direction, and in the past has insisted that the Soviet-held Greeks had been granted political asylum. These repatriations, along with other Communist gestures, continue Soviet attempts to remove longstanding tensions and assuage the memory of Moscow's role in the Greek civil war.

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**FEAR OF COMMUNIST CHINA INFLUENCES BURMA'S
POSITION BETWEEN EAST AND WEST**

Burmese leaders retain few illusions regarding the intentions of Communist China, but they show no signs of discarding their belief that Burma's independence is best assured by maintaining friendly relations with Peiping and avoiding close ties with the West. The Chinese Communists are assiduously exploiting this Burmese attitude.

The Burmese government's awareness of Communist China's aggressive intentions has been demonstrated by the actions it has taken during the past three months to combat Communist activity in northern Burma, in which Chinese are deeply involved. Soviet films exhibited in the area have been confiscated, information regarding Chinese incursions and agent networks has been leaked to the press

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Burmese leaders also continue to leave no doubt, in private, of their pro-Western sentiments and of their conviction that Communist China constitutes the chief danger to Burma's freedom. Minister of Industries Kyaw Nyein told Ambassador Allison in Tokyo in September that if the Burmese Communists were to receive as few as 1,000 rifles from China, they would be able to wipe out the government's hard-won gains of the past several years. Defense Minister Ba Swe, while supporting his government's decision not to participate in the Manila pact, has indicated that in his opinion the pact strengthens Burma's position.

Recent Burmese diplomatic steps are obviously intended to help stem the spread of Communist influence in Southeast Asia. Rangoon recognized the Laotian and Cambodian governments in August, is promoting closer relations with Thailand, and has promised to support any Thai request that the United Nations send a Peace Observation Committee to Bangkok.

While the specter of Communist domination has strengthened the anti-Communist sentiment of the Burmese, they feel utterly helpless against Communist China and have earnestly sought to avoid provoking Peiping. Burma was the first non-Communist country to recognize the Mao regime. Communist diplomats in Rangoon are treated with distinct deference, and government spokesmen periodically announce that relations with China are friendly and that Peiping has no designs on Burma.

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Several important delegations have been dispatched to Communist China, three in September alone. All were led by cabinet officers and two--trade and labor groups--are still in China. The presence of these groups in Peiping, along with Burmese embassy personnel and representatives of pro-Communist groups, resulted in Burma's having one of the largest foreign contingents present at the 1 October celebrations of the anniversary of the Communist regime.

Premier Nu, himself, epitomizes the ambivalent Burmese attitude toward the Chinese Communists. While there is no doubt of his strong distaste for Communism and distrust of Peiping, he nevertheless felt compelled to accept Chou's invitation to visit Communist China in December. Moreover, he recently criticized the Manila pact on the grounds that it increases tensions in Asia because it represents an effort of one "power bloc" to build military bases around the other.

Peiping is obviously exploiting Burma's determination to maintain cordial relations, apparently in the conviction that by such means Burma can be prevented from shifting to a pro-Western position. All Burmese visitors to Communist China have received the "red carpet" treatment and U Nu's forthcoming trip has been widely publicized.

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CONSTRUCTION OF NEW SINO-SOVIET RAILWAY LINKS ADVANCES RAPIDLY*

Communist China and the USSR have disclosed that they intend to build new connecting rail lines through Mongolia and Sinkiang (see map, p. 8). The Mongolian line, scheduled to begin operating in 1955, will enable China to receive shipments from the Trans-Siberian Railroad at a greater rate than over the present single line through Manchuria. The Sinkiang line, a longer-range project, will be a strategic alternate to the Trans-Siberian for deliveries to China and will stimulate the development of China's vast northwest.

The new route through Mongolia extends 650 miles from Ulan Bator to Chining northwest of Peiping. This railroad, said to have been the subject of a Sino-Soviet-Mongolian agreement signed at Ulan Bator on 12 September 1952, is to be completed next year. On the Chinese side, 116 miles of track have been laid. The entire line can probably be completed in 1955 because the remaining terrain offers little difficulty.

Being 775 miles shorter than the present Moscow-Peiping route through Manchuria, the new line will presumably be the major artery for trade between the western USSR and China proper. The line presumably is single track and should have an initial capacity of 2,000,000 to 3,000,000 tons each way annually--considerably greater than the present estimated level of rail traffic between the USSR and China proper.

Construction of the 1,900-mile Lanchou-Sinkiang line, another major rail link between China and the USSR, began on 1 October 1952. This line has advanced 200 miles from Lanchou through the most difficult terrain likely to be encountered on the route. It is expected to reach the Yumen oil field--China's largest--by 1956, and the Soviet border in the early 1960's. It will probably be single track and of standard gauge in Chinese territory. The initial capacity of the line will probably be similar to the one through Mongolia.

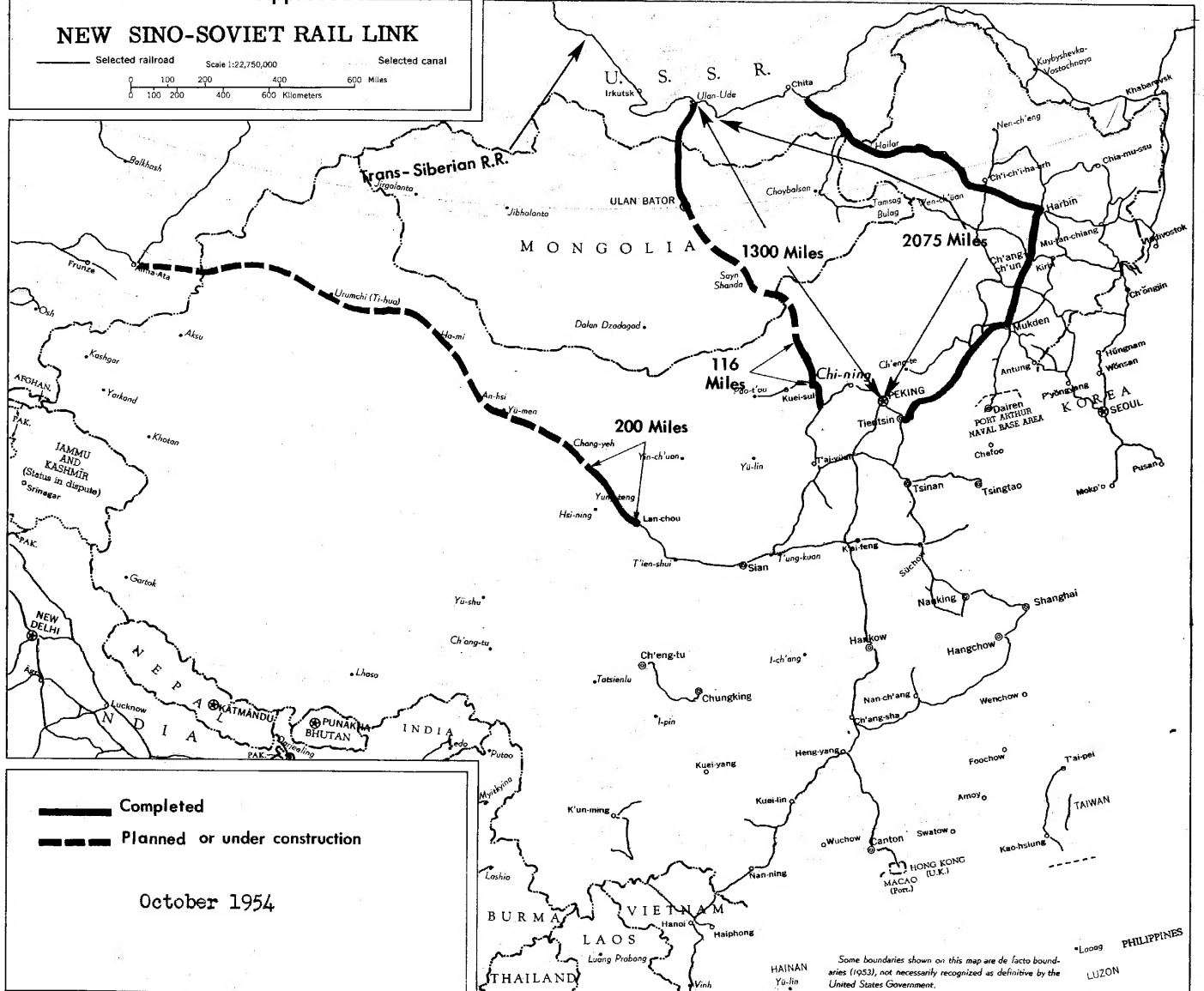
This line will stimulate exploitation of mineral resources in Northwest China, particularly of oil for eastern China. It will also, when completed, be Sinkiang's first rail link with China, and should strengthen China's political and economic position in this border area where Soviet influence has traditionally predominated.

The completion of both these lines would double the capacity of the rail connections between the USSR and China.

*Prepared by the Office of Research and Reports.

NEW SINO-SOVIET RAIL LINK

Selected railroad Scale 1:22,750,000 Selected canal
 0 100 200 400 600 Miles
 0 100 200 400 600 Kilometers



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THE CURRENT POLITICAL SITUATION IN PAKISTAN

The dissident group of Moslem League members which engineered the so-called "constitutional coup" in the Pakistani Constituent Assembly on 21 September is likely to disintegrate because of internal conflict before it can become a serious threat to the present government. Governor General Ghulam Mohammad and his small ruling clique will probably remain in power, though they may lose some popular support.

The 21 September "coup" consisted of the surprise passage of an amendment to the Government of India Act of 1935, under which the Pakistani government has operated pending the drafting of a constitution. The amendment stripped the governor general of his essentially vice-regal powers, enhanced the position of the prime minister, and made him and his cabinet responsible to the national assembly rather than to the governor general.

The governor general was in northern Pakistan at the time the amendment was passed and most other members and supporters of the ruling clique were either abroad or absent from Karachi. Prime Minister Mohammad Ali, who concurred in the action taken by the dissidents, was the only member of the clique informed in advance of the intended maneuver.

The real leader or leaders of the "coup" have not yet been identified. The majority of the dissidents are East Bengalis, while others are from Sind and the Northwest Frontier Province. Most of them are discredited politicians, either repudiated by their constituents or under threat of disqualification on grounds of corruption. Prime Minister Mohammad Ali seems to have been a tool rather than a leader of the group.

There is even some doubt that the dissidents actually control a majority of the assembly as reported. Only 42 of the 72 active members of the 79-man assembly are known to have been on the floor when the vote was taken. Considering the fact that at least one deputy abstained and that others may be coerced into changing their stand in the future, it seems likely that the dissidents could not repeat their success except under highly unusual conditions such as existed on 21 September.

Furthermore, it is uncertain that the dissident group, regardless of whether it held a majority on 21 September or not, is sufficiently cohesive to remain a real threat to the

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government. Several of its members have long been mutually antagonistic, and two of them had their first open disagreement within 10 days after the "coup."

Meanwhile, the governor general and his supporters have begun their counterattack against the dissidents. They have behind them the solid support of the army, which generally looks with disdain upon East Bengalis, who form the nucleus of the dissident group. The governing clique can probably even count on the loyalty of some opposition deputies from West Pakistan if the issue of rule by East Bengalis comes to a showdown. The government also has control of the press and radio through Information and Broadcasting Minister Brohi, who is loyal to the governor general. Iskander Mirza, governor of East Bengal and a member of the ruling clique, retains civil jurisdiction in that state and can bring court action against dissidents on the grounds of corruption.

The governor general's main line of counterattack seems to be to discredit the dissidents by a heavy propaganda campaign in the press, to enlist the support of the opposition and of East Bengali deputies by the promise of restoring democratic government in East Bengal--which has been under governor's rule since 30 May--and to ensure against the defection of the Punjabi deputies, who apparently were not parties to the "coup." Ghulam Mohammad is also likely to seek the dismissal of Prime Minister Mohammad Ali in the near future, despite the fact that there is no outstanding candidate to replace him.

The odds are that the ruling clique will remain in power and will restore to Pakistan some degree of political stability. The tactics used by the clique, however, are likely to increase the criticism already being leveled at the government both from within the Moslem League and from the Pakistani public. The League will probably continue to be badly split. Pakistan's critical economic situation will still plague the government unless, through receipt of additional foreign aid, it can produce tangible evidence of progress and thereby overcome popular criticism.

Most important of all, the probable failure of the Moslem League to reconcile its internal differences before 31 October, the date set for an already once-postponed convention, will result either in another disastrous postponement or an equally disastrous public airing of the League's dirty linen, thereby demonstrating the organization's political bankruptcy. Under these conditions, the governor general's clique would almost certainly consider it necessary to remain in office, by force if necessary, ruling by more or less dictatorial means with the backing of the armed forces and the civil service.

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NATO'S 1954 MILITARY PROGRAM STAGNATING

Members of the North Atlantic alliance have made little progress during 1954 toward carrying out the military recommendations of the 1953 annual review, even though these called for few increases in the size of forces. NATO's international staff has also noted a diminishing emphasis on national defense programs despite improvement in the economic status of most member countries.

Actual spending continues to fall far short of appropriations, and there is little disposition to direct unused funds toward carrying out NATO recommendations. Moreover, as long as an atmosphere of "relaxed" East-West tension prevails, political pressures for relief from the present defense burdens are likely to increase.

A NATO international staff analysis of interim progress reports for 1954 concludes that member nations have accomplished practically nothing in their efforts to meet numerical force goals. The lag is most serious in the number of tactical aircraft, particularly all-weather fighters. Inadequately manned and equipped aircraft control and warning contribute further to a critical weakness in tactical air power. There are also shortages of antiaircraft artillery.

Naval shortages persist, especially in the important categories of escort vessels, minesweepers, and maritime patrol aircraft. For example, less than a fifth of the vessels which would be required for ocean escort between D-day and D-plus-30 are available. Even the army force goals, although they are virtually unchanged from last year, will probably not be attained.

In each annual review, the international staff and NATO military authorities also recommend measures for improving the effectiveness of national defense efforts. Despite the fact that these recommendations for 1954 were put forward as reasonable suggestions, taking into account political and economic factors, they are not being met. The proposals were aimed at solving manpower and training problems, strengthening supporting forces, and overcoming equipment and ammunition shortages. Only in the last respect has there been any notable progress.

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A typical result of the kind of political pressure which contributes to the general slackening of the NATO defense effort is the manpower problem. Belgium, bellwether of this trend, reduced its period of national military service in May, and the Netherlands and Denmark have since followed its lead.

These and other national actions have been cited by NATO secretary general Ismay as symptoms of a general relaxation which could lead to a "snowballing" of defense cutbacks. Belgium, for example, has indicated that it plans to reduce its targets for all-weather fighters, deactivate one day-fighter wing, and reschedule one D-day army division as a D-plus-30 unit. Such actions have led to an international staff study of how to combat the tendency to take unilateral action which results in a change of NATO strength without prior consultation.

Discussion of the interim progress reports by the North Atlantic Council in late September revealed little concern among the national representatives over NATO shortcomings. The sense of the meeting was that firm decisions should be left for the ministerial meeting in December which will consider the 1954 annual review. Some delegates, who have questioned the usefulness of the annual review process, still hope that the NATO study on new weapons and techniques due on 1 December will somehow point the way toward a solution of present military problems. These opinions ignore the frequent reiteration by NATO military authorities that while new weapons will change the composition and use of forces, the number of conventional forces required will remain the same.

The nine-power agreement reached in London on 3 October provides for the addition of 12 West German divisions to NATO strength. The agreement is still subject to parliamentary ratification, however, and in any case the German build-up will require several years. Moreover, General Gruenther holds that even with 12 German divisions, there will still be a deficiency of 28 divisions in the strength needed to defend Western Europe. The only immediate benefit to NATO would derive from the contemplated strengthening of the powers of the Supreme Allied Commander, Europe, under which he may be able to tighten his control and improve the effectiveness of existing forces.

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POLITICAL SITUATION IN GREECE UNSTABLE

The government of Prime Minister Papagos is approaching a political crisis which may fragmentize the Greek Rally and benefit primarily the Communist-dominated United Democratic Party (EDA). The Rally, which has generally aligned itself with American policies, came into power in 1952 after an overwhelming electoral victory. Since the resignation last April of Minister of Co-ordination Spyros Markezinis, however, it has been deteriorating into a faction-ridden group of opposing interests. Municipal elections scheduled for 21 November are expected to demonstrate that the Rally has lost public confidence and they may portend the end of its dominance in Greek politics.

The most immediate threat to the Rally comes from the Markezinis faction of the party. Markezinis, since his resignation from the cabinet, has steadily moved toward open opposition to Papagos. His faction set up a "propaganda section" in June, and arrangements were completed in September for the publication in Athens of a newspaper which would promote his views. Ambassador Cannon predicted at the beginning of August that the increasing hostility between the Markezinis and Papagos factions of the Rally would soon precipitate another cabinet crisis.

Several former confidants of the prime minister who had been instrumental in bringing about Markezinis' resignation have now lined up with Markezinis.

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The frictions within the Rally are so obvious that they have slowed unification movements among the non-Communist opposition parties. The moderate Liberal Party, which dominated the government replaced by the Rally two years ago, has been growing steadily in strength, at the expense of the Rally as well as of other opposition parties. Cnetime prime minister and Liberal Party leader George Papandreou has inflexibly opposed the absorption of his party in a non-Communist opposition movement, let alone its adherence to a Popular Front sought by the Communist-dominated EDA.

Although it is generally conceded that the Liberal Party is by far the largest non-Communist opposition party, many Liberal leaders doubt that it could defeat the Rally without concessions to the left which would attract Communist votes. The Liberals therefore face a dilemma: in November they could

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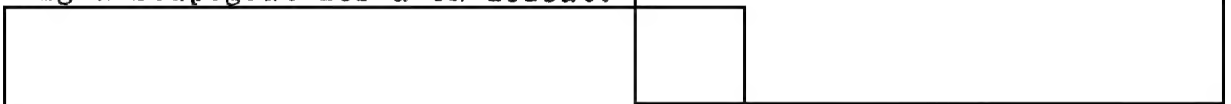
probably deal the Rally a resounding popular defeat with the help of other opposition parties and some EDA votes; or they could prevent the loss to the Communists of most of the urban centers of northern Greece by allying themselves with the Rally there.

Former prime minister Sophocles Venizelos, who resigned as coleader of the Liberal Party last spring, is understood to be receptive to the Popular Front idea and might promote it if he were once again in a position to do so. He is believed awaiting only the proper moment to return to politics and to challenge Papandreou's Liberal Party leadership.

Pro-Communist EDA leaders apparently are not thinking in terms of coming to power at this time, but seek to gain sufficient influence in a Popular Front to force a change in Greek foreign policy and end what EDA considers as Greek subservience to American dictation. EDA appears already to have won co-operation among the rank and file of the small Democratic Party for its new Popular Front.

The Cyprus issue has proved a source of anti-American feeling which is being exploited by the Communists and their allies. The Rally government's prestige is heavily committed on the Cyprus question and its almost certain failure to win a diplomatic victory in the United Nations will further weaken the government's position and strengthen anti-American sentiment. Papagos has added to his political difficulties by seeking a scapegoat for a UN defeat.

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King Paul has already discussed with Ambassador Cannon the advisability of calling for new elections, on the grounds that the Rally no longer represents the Greek people. Because of his belief that new elections would bring a leftist coalition to power, however, he is understood to prefer the replacement of Papagos by Panagiotis Pipinellis, a long-time palace favorite.

Barring a call for new elections or dismissal by the king, the Papagos government could legally remain in office until 1956. However, its authority would probably continue to decline and pressure for its replacement would correspondingly increase. Government stability in Greece appears to have ended and the prospect is for an early return to shaky coalition government by incompatible fractionalized parties.

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